PENNSTATE

The Mary Jean and Frank P. Smeal
College of Business Administration

Published since 1938

Pennsylvania Business Survey

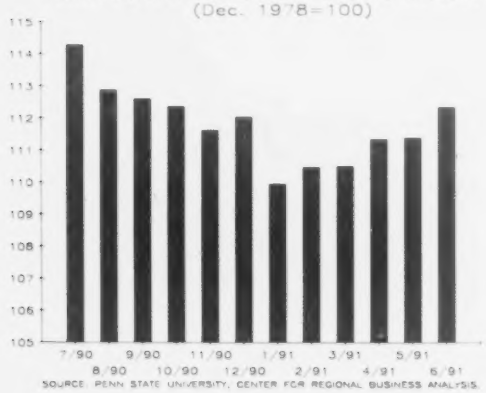
August 1991

WEAKNESS IN ECONOMY HINTS AT SLUGGISH RECOVERY

In each of the past five months (through June), and in six of the past seven, the Pennsylvania Index of Leading Indicators has inched forward, suggesting that an end to the downtrend in the economy was in sight (chart). Based upon trends in the Index of Coincidental Indicators (chart), the Pennsylvania economy may soon be shifting gears from the final stages of recession to the early stages of recovery. The month-to-month decline in the PICI reached a recessionary peak of 1 percent in February. Since then, the rate of decline has eased in three consecutive months, implying a gradual weakening in the recession's grip on the State's economy.

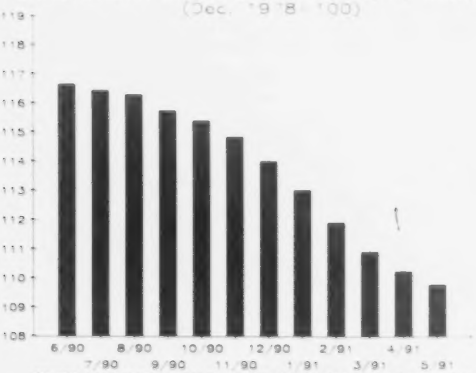
While it is still a bit too early to be definitive, most indicators are pointing to a weak recovery nationwide, and hence, in the Commonwealth. Indeed, signs of weakness still abound in Pennsylvania in such sectors as construction, retail trade, and manufacturing. On the plus side, the downward spiral in residential building activity may be nearing an end. June brought with it an additional annual decline of 2.3 percent in the number of new housing units authorized by permit, one of the smaller declines of late. On a year-to-date basis, permit activity in 11 of 14 counties for which data are available has been down. Preliminary signs of improvement are especially evident for single-family projects. After peaking in December of last year, the rate of decline in single-family permit authorizations has eased considerably. In fact, there were some minimal year-over-year gains recorded in both April and June. The situation on the multi-family side has been considerably more volatile. While recent trends continue to point to some downward pressure on residential activity, the dropoff has not been nearly as pronounced as in 1989 and 1990. On the nonresidential side, permits for new projects increased in both May and June and in three of the past five months. On the other hand, year-to-date authorizations have been down in 13 of the 14 counties tracked.

PENNSYLVANIA INDEX OF LEADING INDICATORS
(Dec. 1978=100)



SOURCE: PENN STATE UNIVERSITY, CENTER FOR REGIONAL BUSINESS ANALYSIS

PENNSYLVANIA INDEX OF COINCIDENTAL INDICATORS
(Dec. 1978=100)



SOURCE: PENN STATE UNIVERSITY, CENTER FOR REGIONAL BUSINESS ANALYSIS

While the end of construction's severe slump may be in sight, there is no denying that recent months have not been kind to building-related jobholders. Simply put, **the normal spring and summer run-up in construction jobs has not been as pronounced as expected this year. Since February, seasonally adjusted job readings have declined in four of five months.**

Retail sales in Pennsylvania continue to be held back by sluggishness on the durable goods side. So far this year, sales of durable goods have declined by 15.9 percent. Sales of furniture-related items have been especially hard-hit, partly in response to slow building activity. Nondurable goods sales have held up relatively well. On a year-to-date basis, they were up 1.5 percent which included a 3.7 percent annual gain in the month of May. Sales are weak in each of the State's two major metropolitan areas, though especially so in the Philadelphia region. As has been the case for the past several months, the number of new motor vehicles registered in the Commonwealth continues to fall well short of year-ago readings. **In light of these findings, the fact that retail trade jobs have, at best, been at a standstill since the beginning of 1990 is not at all surprising.**

Job trends remain especially worrisome in Pennsylvania's factories. The 973,000 jobs maintained in these

New Pennsylvania building permit authorizations (percent change from year ago)

	June	Pct. chg.	Year-to-date	Pct. chg.
Residential	3,557	– 2.3	17,691	– 12.2
Nonresidential	2,612	5.9	10,166	– 1.3

Source: U.S. Dept. of Commerce, Bureau of the Census.

establishments during June were off by 50,000 from a year ago. Production activity moves forward hesitantly, with some encouraging months and some weak months. June was apparently weak. On the plus side, a survey of Mid-Atlantic (including Pennsylvania) manufacturers by the Federal Reserve Bank of Philadelphia suggests that business is firming up a bit, with some improvement expected in coming months.

Against the backdrop of these generally weak, though improving, conditions in the economy as a whole, **total nonfarm job trends have been unimpressive of late. The 5,164,000 positions in Pennsylvania establishments in June were off by 48,000 from a year ago. On a seasonally adjusted basis, job levels have been on the decline for five consecutive months. Recent nonagricultural job trends also highlight the shift in the relative economic performance of the eastern and western halves of the State. A ranking of the 15 Pennsylvania metropolitan areas according to annual job growth during the course of the current recession suggests that the top six performers were all from the western half of the Commonwealth (chart). The bottom six were from the opposite end of the State.**

June brought with it a welcome decline in the jobless rate in Pennsylvania, from a seasonally adjusted 7.7 percent in

Economic Activity in Pennsylvania	UNADJUSTED DATA 1991 May	UNADJUSTED DATA 1991 June	UNADJUSTED DATA 1990 June	SEASONALLY ADJUSTED DATA 1991 May	SEASONALLY ADJUSTED DATA 1991 June	SEASONALLY ADJUSTED DATA 1990 June	SEASONALLY ADJUSTED INDEXES (1977 = 100) 1991 May	SEASONALLY ADJUSTED INDEXES (1977 = 100) 1991 June	SEASONALLY ADJUSTED INDEXES (1977 = 100) 1990 June
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salary jobs (thous.)[1]	5,154*	5,164	5,212	5,132	5,124	5,170	112.4	112.2	113.3
Service Producing									
No. of wage and salary jobs (thous.)	3,931	3,934	3,920	3,915	3,914	3,900	130.9	130.8	130.4
Transportation and public utilities	270*	269	268	268	268	266	102.5*	102.3	101.7
Wholesale trade	274	275	279	274	273	277	123.4	123.0	124.9
Retail trade	898	906	905	900*	904	903	125.5*	126.0	125.9
Finance, insurance & real estate	300*	304	302	301	301	299	138.2*	138.3	137.6
Service & miscellaneous	1,480*	1,488	1,457	1,476*	1,477	1,446	171.1*	171.3	167.7
Federal government	136	136	148	134	134	146	104.5*	104.4	113.7
State & local government	574*	556	561	565*	560	565	97.0*	96.0	96.9
Goods Producing									
No. of wage and salary jobs (thous.)	1,218*	1,230	1,291	1,216*	1,209	1,270	77.3*	76.8	80.7
Construction	222*	230	240	221	219	229	120.0*	119.1	124.4
Mining	26*	27	28	26*	26	28	55.0*	54.8	57.7
Manufacturing	969*	973	1,023	970*	965	1,015	72.2*	71.9	75.6
Durable goods	542*	544	581	542*	538	575	66.9*	66.4	71.0
Nondurable goods	427	430	443	428*	427	440	80.5*	80.3	82.7
Ave. wkly. hrs. worked by prod. workers	40.1	40.5	40.9	40.3	40.4	40.8	102.0	102.2	103.2
Total wkly. person-hours worked (mils.)	26.5	26.8	28.9	26.6*	26.5	28.6	69.4*	69.1	74.5
Total wkly. payroll (mil. dols.)	301.4	307.0	317.9	303.8*	304.5	315.5	135.2*	135.5	140.4
Average hourly earnings (dollars)	11.39	11.44	11.00	11.41	11.46	11.02	195.1*	195.9	188.3
Average weekly earnings (dollars)	456.74	463.32	449.90	459.96	463.32	449.66	198.8*	200.3	194.4
Steel production (thous. tons)	803	703	989	n.a.	n.a.	n.a.	34.1	32.6	46.0
Industrial electric power sales (mil. kwh)	3,735	3,819	3,852	3,823	3,722	3,813	103.5	100.8	103.2
Mining									
Anthracite coal (thous. net tons)	216	226	271	222	232	283	45.4	47.5	57.8
Bituminous coal (thous. net tons)	5,524	5,420	5,936	5,459	5,340	6,044	77.4	75.7	85.7
Construction contracts awarded (mil. dols.)									
Total	734.7	943.7	1,028.8*	668.0	713.8	762.7*	207.6	221.9	237.1*
Residential building	293.4	316.0	296.2*	241.1	295.0	272.9*	171.3	209.6	193.9*
Nonresidential building	278.2	357.6	502.0*	289.0	275.0	368.1*	266.4	253.5	339.3*
Nonbuilding (utilities and public works)	163.1	270.1	230.6*	137.9	143.8	121.7*	190.3	198.3	167.9*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,491	5,618	5,678	5,511	5,546	5,609	114.7	115.4	116.7
Unemployed									
No. of persons (thous.)	447	406	296	458	394	281	114.3	98.2	70.1
Rate (percentage of labor force)	7.5	6.7	5.0						
Rate, seasonally adjusted				7.7	6.7	4.8			
Civilian labor force, no. of persons (thous.)	5,938	6,024	5,974	5,969	5,940	5,891	114.7	114.1	113.1
Initial claims for unemployment benefits	102,710	97,940	88,201	120,586	115,733	99,514	84.2	80.8*	69.5

Consumer Prices, all items	Urban Indexes (1982-84 = 100) 1991 Feb.	1991 Mar.	1990 Mar.	Percentage Change Month Ago	Year Ago
U.S. city average	135.6	136.0	129.9	0.3	4.7
Philadelphia	141.3	141.8	135.1	0.4	5.0
Pittsburgh	n.a.	130.7	125.0	n.a.	4.6

[1] Total includes workers on strike. * = figure revised n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

PA metropolitan county bldg. permit authorizations (percent change from year ago; only those counties shown are asked to report all permitted activity)

	1991: II	Pct. chg.	Year-to-date	Pct. chg.
Residential units				
Allentown-Beth. MSA	679	12.6	991	-8.6
Carbon	34	-45.2	50	-44.4
Lehigh	262	17.5	385	-18.4
Northampton	383	20.4	556	6.5
Beaver County MSA	125	-16.7	200	-24.0
Philadelphia MSA	2,207	-9.5	4,109	-12.8
Bucks	710	10.4	1,326	6.9
Chester	528	-9.0	1,138	5.5
Delaware	174	-3.3	313	-20.8
Montgomery	717	2.4	1,081	-33.1
Philadelphia	78	-76.9	251	-34.3
Pittsburgh MSA	1,223	-4.2	1,813	-18.1
Allegheny	646	3.5	978	-17.1
Fayette	90	-43.0	137	-32.8
Washington	175	-2.2	245	-19.9
Westmoreland	312	-1.3	453	-13.4
Adams County	205	-2.4	284	-24.7
Nonres. buildings				
Allentown-Beth. MSA	557	-25.0	765	-27.8
Carbon	42	-23.6	74	-18.7
Lehigh	218	-23.5	299	-29.6
Northampton	297	-26.3	392	-27.8
Beaver County MSA	118	-6.3	172	4.9
Philadelphia MSA	1,440	-17.4	2,018	-19.2
Bucks	437	-24.3	585	-27.9
Chester	365	-15.1	491	-21.3
Delaware	116	-43.1	186	-32.4
Montgomery	484	-0.4	694	-1.7
Philadelphia	38	-17.4	62	-22.5
Pittsburgh MSA	719	-11.1	1,022	-14.5
Allegheny	378	-9.4	532	-8.9
Fayette	70	-15.7	91	-25.4
Washington	135	3.8	195	-7.1
Westmoreland	136	-24.0	204	-27.1
Adams County	70	6.1	111	-1.8

Source: U.S. Dept. of Commerce, Bureau of the Census; PSU, Ctr. for Reg. Bus. Analysis.

Pennsylvania retail sales (millions of dollars; pct. chg. from year ago)

	April	Pct. chg.	Year-to-date	Pct. chg.
Total	6,946	- 3.3	31,293	- 4.8
Durables	2,220	-15.3	9,910	-15.9
Bldg. mat.	275	-16.9	1,055	-15.8
Auto dlrs.	1,346	-17.2	6,032	-14.4
Furniture	266	-17.4	1,255	-21.2
Other	333	- 2.9	1,568	-17.5
Nondurables	4,726	3.7	21,383	1.5
Gen. mdse.	777	5.3	3,131	- 0.6
Food/grocery	1,563	8.2	7,181	5.8
Gas	444	6.7	2,060	4.1
Apparel	387	11.2	1,649	5.0
Eat/drink	827	- 3.6	3,462	-11.0
Drugs	290	7.8	1,429	8.8
Other	438	- 9.9	2,471	3.7

Seas. adj. total: May	6,666
April	6,354

Source: Tot./Dur./Nondur.-U.S. Dept. of Commerce, Bur. of the Census. Seas. adj. total-PSU, Ctr. for Reg. Bus. Analysis.
Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability.

May to 6.7 percent. Still this was up considerably from the previous June's 4.8 percent tally. Given employment/unemployment trends for July, the first bit of economic data available for that month, **it is perhaps best to characterize the Pennsylvania labor market as being in a holding pattern, with no real indication of upward or downward pressures.** Second quarter jobless rates were up from a year ago in each of Pennsylvania's 67 counties while employment was off in all but eight counties.

1991:IIQ county employment (pct. and pct. pt. changes are from year-ago quarter)

	Empl. (thous.)	Ann. pct. chg.	Unemp. Rate (pct.)	Ann. pct. pt. chg.*
Adams	37.7	-0.8	5.9	2.2
Allegheny	632.2	-0.8	5.3	1.3
Armstrong	26.4	-2.9	9.9	2.7
Beaver	54.9	-2.0	9.4	2.0
Bedford	20.4	0.0	9.7	1.6
Berks	164.5	-2.2	7.2	2.2
Blair	56.9	-1.9	9.6	3.1
Bradford	29.5	-4.2	6.9	1.7
Bucks	283.9	-1.5	7.2	3.2
Butler	71.9	-0.7	6.8	1.5
Cambria	59.4	-0.3	9.5	2.3
Cameron	2.6	0.0	9.0	1.6
Carbon	23.9	0.0	10.4	2.9
Centre	63.6	-0.6	6.2	1.4
Chester	191.7	-1.5	4.5	1.5
Clarion	16.0	-3.0	9.3	0.4
Clearfield	31.2	-1.0	11.4	1.8
Clinton	14.0	-0.7	11.4	2.4
Columbia	29.3	-1.7	8.5	2.7
Crawford	36.4	-4.7	9.5	3.0
Cumberland	106.2	-0.7	4.7	1.5
Dauphin	129.4	-0.7	5.5	1.3
Delaware	276.9	-1.5	5.5	1.8
Elk	16.2	-1.8	10.3	4.8
Erie	126.4	-0.6	7.0	1.8
Fayette	54.6	-0.7	9.4	1.8
Forest	1.7	-5.6	9.3	0.8
Franklin	56.7	-1.9	7.2	2.8
Fulton	5.9	-1.7	8.7	3.4
Greene	12.0	0.8	11.5	2.4
Huntingdon	16.8	-3.4	12.0	3.0
Indiana	31.6	-1.9	11.2	2.9
Jefferson	18.3	-0.5	8.9	1.9
Juniata	9.0	0.0	10.9	0.2
Lackawanna	101.5	-1.6	8.3	1.9
Lancaster	217.4	-1.8	5.3	1.6
Lawrence	44.6	-3.5	7.1	1.8
Lebanon	61.5	-0.6	6.3	1.9
Lehigh	143.6	0.0	6.9	1.9
Luzerne	147.6	-1.6	8.8	2.2
Lycoming	54.8	-2.0	8.5	1.8
McKean	19.4	-4.0	8.5	1.8
Mercer	49.0	-1.2	7.2	1.7
Mifflin	19.7	0.5	11.9	4.1
Monroe	45.9	-1.5	9.2	2.8
Montgomery	370.7	-1.5	5.1	1.7
Montour	7.6	-1.3	6.2	1.4
Northampton	112.5	0.0	6.9	1.5
Northumberland	44.2	-2.0	10.1	1.8
Perry	19.9	-0.5	7.5	2.5
Philadelphia	681.1	-1.5	8.3	2.5
Pike	12.2	-2.4	9.1	3.5
Potter	7.5	-5.1	8.9	2.3
Schuylkill	66.0	-4.5	10.0	2.9
Snyder	17.6	-2.2	7.0	1.5
Somerset	30.2	-0.3	9.0	1.8
Sullivan	2.8	-9.7	10.4	5.8
Susquehanna	16.3	-1.8	9.3	1.8
Tioga	17.2	-3.4	8.0	1.6
Union	15.8	-2.5	8.2	3.2
Venango	23.5	-4.9	8.0	2.6
Warren	21.1	-2.3	6.9	2.1
Washington	88.4	-0.8	7.0	1.9
Wayne	18.8	-2.6	8.9	3.2
Westmoreland	166.0	-0.8	6.9	1.6
Wyoming	12.4	-1.6	8.0	2.2
York	173.8	-0.7	6.5	1.6

Source: PA Dept. of Labor and Industry; PSU, Ctr. for Reg. Bus. Analysis.
*Current rate minus year-ago rate.

Philadelphia and Pittsburgh metropolitan area retail sales (millions of dollars; pct. chg. from year ago; data through May.)

	Philadelphia		Pittsburgh	
	Year-to-date	Pct. chg.	Year-to-date	Pct. chg.
Total	13,450	– 3.9	5,651	0.3
Durables	4,550	– 10.0	1,620	– 9.8
Bldg. mat.	468	– 14.9	197	– 2.0
Auto dlrs.	2,854	3.3	839	– 13.3
Furniture	635	– 19.5	224	8.7
Other	593	– 37.7	360	– 14.5
Nondurables	8,900	– 0.4	4,031	5.1
Gen. mdse.	1,241	– 1.6	663	– 0.6
Food/grocery	3,077	3.5	1062	7.1
Gas	743	6.6	425	0.5
Apparel	792	– 2.8	383	18.9
Eat/drink	1,409	– 8.1	675	– 10.4
Drugs	674	7.2	398	7.9
Other	964	– 6.5	425	36.7

Source: U.S. Dept. of Commerce, Bur. of the Census.
Data in the sub-categories of the durable and nondurable groups are subject to relatively large sampling variability.

New Pennsylvania motor vehicle registrations (percent change from year ago)

	Total registrations	Pct. change
May	46,837	– 13.4
1991 YTD	209,046	– 18.3
12-month total	565,691	– 12.2

Source: R.L. Polk & Co.

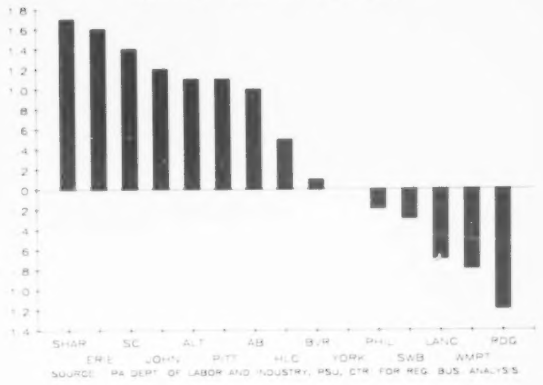
1991 second quarter Consumer Price Index trends: Philadelphia[1] and Pittsburgh[2] areas

	1991:IIQ CPI (1982-84 = 100)	Pct. chg. from previous qtr.	Pct. chg. from year-ago qtr.
Philadelphia (All items)	141.3	0.5	4.9
Food and beverages	136.0	0.7	4.3
Housing	144.6	0.6	5.3
Apparel and upkeep	103.5	– 0.7	– 2.6
Transportation	130.5	– 0.7	4.0
Medical care	181.3	2.0	9.7
Entertainment	139.0	3.9	4.7
Other goods and services	182.6	– 0.3	9.3
Special indexes:			
Energy	107.9	0.9	5.0
Services	161.2	0.6	5.5
Pittsburgh (All items)	130.5	0.9	4.4
Food and beverages	129.4	0.5	4.2
Housing	130.8	1.6	5.7
Apparel and upkeep	128.2	1.8	3.9
Transportation	111.3	– 1.5	2.3
Medical care	173.3	2.6	8.7
Entertainment	143.2	2.6	2.9
Other goods and services	152.5	0.8	2.3
Special indexes:			
Energy	113.0	1.0	8.4
Services	138.4	1.1	4.8

1 Includes counties in PA, DE, NJ, and MD.
2 Includes Allegheny, Fayette, Washington, Westmoreland, and Beaver Counties.
Source: U.S. Dept. of Labor, PSU, Ctr. for Reg. Bus. Analysis.

Increases in consumer prices moderated considerably in the second quarter. At 4.9 percent, the annual increase in the Consumer Price Index in the Philadelphia region was considerably less than first quarter's 6.3 percent rise. In the Pittsburgh/Beaver County metro area, the 4.4 percent increase in the most recent three months represented some easing from the 4.8 percent rise in the previous quarter.

METRO AREA JOB GROWTH DURING THE RECESSION
(annual percent change)



SOURCE: PA DEPT. OF LABOR AND INDUSTRY, PSU, CTR. FOR REG. BUS. ANALYSIS

ANNOUNCING . . .

The Center for Regional Business Analysis has published an extensive catalog of each of the data series presented in the *Survey*. The *Pennsylvania Business Survey: A Data Guide* is designed to:

- Evaluate the contributions of each of the data series used in the *PBS* to an overall assessment of the Pennsylvania economy's performance — What do these individual series tell us about the economy?;
- Highlight historical trends in selected data series; and
- Provide complete documentation of the data used in the *Survey* — release and revision schedules, sources, geographical coverage, etc.

The *Data Guide* will be revised on an annual basis, around mid-year, to include new data items and to update the historical trends in individual series to take into account the most recent data available. To order this new catalog, please write to: *The Pennsylvania State University, The Smeal College of Business Administration, Center for Regional Business Analysis, 108 Business Administration Building II, University Park, PA 16802*. Please enclose a $5 check made payable to: "The Pennsylvania State University."

Around the State

Northeastern Quarter

Allentown-Bethlehem

The generally sluggish state of the economy in the Allentown-Bethlehem metropolitan area in the second quarter was evident in labor market trends. In the three Pennsylvania counties which are included in the region — Carbon, Lehigh, and Northampton — employment was unchanged from a year ago. Jobless rates ranged from 6.9 percent in Lehigh and Northampton Counties to 10.4 percent in Carbon. For the region as a whole, second quarter's 7.1 percent jobless rate was the highest for the period since 1986. On the plus side, while employment has reached a plateau, it settled at or near an all-time high on the heels of several consecutive years of gains.

Allentown-Bethlehem Area[1]

	Ave. mo. value 2 Q. '91	Average monthly index seas. adj. (1977 = 100) 2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	319.1	116	114	116
Unemployed, no. of residents	24.3	120	114	88
Rate, seasonally adjusted	7.2			
Civilian labor force, no. of residents	343.4	116	114	114
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	290.8	113	113	112
Srv. Prod. only, no. of jobs	203.8	145	146	143
Goods Prod. only, no. of jobs	87.0	74	75	75
Hrs. worked by production workers in mfg., ave. weekly	39.6	104	103	103
Industrial electric power sales				
Metropolitan area	***	100	97	104
Allentown	***	92	86	94
Bethlehem	***	104	104	108
Easton	***	113	109	118

Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd
Residential contracts only	97.5	-14
Nonresidential contracts only	105.5	-40

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

Even the service producing sector has not been immune to the impacts of the national recession. After adjustment for normal seasonal variation, job levels in these establishments have held essentially steady over the course of 1991. Again, this measure of the economy's health has topped out at a record-high. Compared to a year ago, second quarter's 203,800 service producing jobs were up by 3,100.

Leading the way was services, itself, with 2,300 additional positions. Within this category, the health services industry accounted for 1,200 new jobs. Retail trade was home to 600 additional payroll positions in the second quarter. While this was less than one-half the annual gain averaged between 1983 and 1990, the retail trade sector in northeastern Pennsylvania appears to have weathered the recession slightly better than in the State as a whole.

Scranton-Wilkes-Barre Area[1]

	Ave. mo. value 2 Q. '91	Average monthly index seas. adj. (1977 = 100) 2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	336.7	119	118	121
Unemployed, no. of residents	31.8	104	96	77
Rate, seasonally adjusted	8.9			
Civilian labor force, no. of residents	368.5	117	116	116
Local industries, Metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	306.1	117	118	118
Srv. Prod. only, no. of jobs	225.2	138	139	138
Goods Prod. only, no. of jobs	80.9	82	84	86
Hrs. worked by production workers in mfg., ave. weekly	39.0	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area[4]	***	120	117	121
Lackawanna County[2]	***	135	129	133
Luzerne County[3]	***	116	108	112
Hazleton	***	124	116	123
Wilkes-Barre	***	106	98	101

Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd
Residential contracts only	111.0	-20
Nonresidential contracts only	148.1	+79

[1]Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton
[4]Excludes Wyoming County

Once again, the economy's weakness appears concentrated in the goods producing sector where job levels have been eroding since 1988. So far this year, manufacturing jobs are off by an additional 200 from a year ago in averaging 73,900 on a monthly basis. The durable goods side was home to the largest job losses. In fact, job levels in the region's nondurable goods factories have eased forward through the first half of this year. On the construction side, softness was evident for both residential and nonresidential activity during the year's first six months. Both permit activity and the value of contracts awarded were off from year-ago tallies. Job levels were off by 500 on a year-to-date basis.

All things considered, the Allentown-Bethlehem area economy has been generally unimpressive in recent months, but not any more than in the State as a whole. In fact, relative to much of the rest of Pennsylvania, the metro area's economy has turned in an essentially average performance. For instance, during the course of this recession, nonfarm job growth in the region was exceeded by six of the State's 15 metro areas and was stronger than in eight other regions.

Scranton-Wilkes-Barre

The five-county economy of the Scranton-Wilkes-Barre metropolitan area remained weak during the April-June period. One must look hard and long to find signs of strength anywhere in the economy. The best that can be said is that the worst of this recession is probably over. The coming recovery, however, will be far from impressive. All indications at the national level are for a weak rebound, a trend which will surely steer the course of the metro area's performance in coming months.

Over the course of the current recession, stretching back to approximately August 1990, job growth in the region has been weak. On an annual basis, jobs have declined 0.3 percent during the slump. Only three of the State's 14 other metro areas turned in weaker performances. At 306,100 in the second quarter, nonfarm job totals were off by 3,300 from a year ago. This represents the third consecutive quarter of year-over-year decline. The goods producing sector was, once again, the culprit. Seasonally adjusted job readings in these industries have been trending down since 1989. Additionally, job levels have been at all-time lows since the third quarter of last year.

Construction has been hard-hit by the economic slump. Job levels during the first half of this year were off by 700 from a year ago. Residential contract valuations were down one-fifth. However, nonresidential valuations surged 79 percent. This category is subject to considerable volatility. The region's largest manufacturer, apparel and textiles, was home to 1,000 fewer jobs during the first six months of this year compared to the same period in 1990. Other major factory employers — printing and publishing and fabricated metals — also saw shrinking job levels. A relatively flat trend in electricity sales to industry during the past several months suggests that production levels were probably stagnant during the period.

The news is considerably better on the service producing side, though the second quarter did bring with it the first seasonally adjusted decline in job levels since the final three months of 1982. Despite the quarterly decline, the 225,200

positions in these establishments in the second quarter represented a gain of 600 from a year ago. So far this year, service producing jobs have grown 0.8 percent, in line with the Commonwealth's advance. This is only one-fourth of the annual gain averaged over the 1982-1990 period.

Not surprisingly, employment/unemployment trends have worsened considerably of late. So far this year, employment declined by 7,400. Given a decline of 700 in the labor force, this translated into a gain of 6,700 in the number of residents officially listed among the jobless. On a seasonally adjusted basis, the region's jobless rate has been trending upward since first quarter 1989. The most recent quarter's 8.9 percent tally was the highest in five years.

Williamsport

The Lycoming County economy remained in the grips of recession during this year's second quarter. At 54,800, the number of residents listed as employed were down 2 percent from a year ago while the jobless rate, at 8.5 percent, was up 1.8 percentage points over the same period. Statewide, employment was 1.4 percent below year-ago readings and the jobless rate settled at 7 percent. The current recession has apparently been especially hard on the Williamsport region as nonfarm job levels were off at an annual rate of 0.8 percent during the first ten months of the slump. Only one other metro area, Reading, turned in a worse showing.

Even trends in the once-vibrant service producing sector have softened of late. The 32,600 jobs housed in these establishments during the second quarter were down by 600 from the same three months in 1990. This represented the fourth year-over-year shortfall in the past five quarters. Prior to that, service-type jobs had increased practically nonstop between 1983 and mid-1989. Job levels during the first half of the year were off from a year ago, or held steady, in each of the five private sector industries monitored — transportation/public utilities, wholesale trade, retail trade, finance-related, and services.

As is the situation elsewhere in the Commonwealth, the situation in goods producing industries was even worse. Here, job trends have been worrisome since 1988. Construction activity was apparently soft in the first half of the year as contract valuations were down, especially on the nonresidential side. Factory trends were also weak. A plateauing in industrial power sales suggests that manufacturing production has topped out. The first six months of 1991 resulted in the elimination of 400 additional factory jobs.

Williamsport Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q. '91	2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	54.8	117	117	119
Unemployed, no. of residents	5.1	114	109	92
Rate, seasonally adjusted	8.8			
Civilian labor force, no. of residents	59.9	117	116	117
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	50.8	110	112	111
Srv. Prod. only, no. of jobs	32.6	121	125	124
Goods Prod. only, no. of jobs	18.1	94	95	94
Hrs. worked by production workers in mfg., ave. weekly	40.7	105	104	100
Industrial electric power sales	***	139	121	132
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	9.0	– 3		
Nonresidential contracts only	4.5	–57		

[1]Lycoming County

Southwestern Quarter

Altoona

As is typically the case during recessionary periods, Blair County's goods producing industries have fared poorly during the current slump. Job levels in these industries have been trending down since the second quarter of 1990. On a seasonally adjusted basis, job totals during this year's April-June period were off by 700 from the first three months of 1990. So far this year, durable goods jobs were off by 500 from a year ago while the number of positions in nondurable goods establishments actually rose by 200. Construction activity also weakened as job levels eased during the first half of the year and the value of contract awards declined.

Some signs of weakness were also evident in the metro area's service producing industries in recent months. Seasonally adjusted job readings in June were down by 1,000 from the first of the year. June also resulted in the first year-over-year decline since July 1983. Specifically, the 41,000 jobs in these establishments during the month fell 400 short of a year ago.

Labor market trends have also deteriorated in conjunction with the overall economy. The 56,900 residents officially counted among the employed during the second quarter were down 1.9 percent from a year ago while the jobless rate, at 9.6 percent, was up by more than 3 percentage points. Seasonally adjusted unemployment rates have been trending upward since the early stages of 1989. Clearly, there is no denying that the recession has brought several years of continuous economic growth to an end. However, the results have not been catastrophic. Blair County is likely to come out of this recession in much better shape than when it emerged from the early 1980s slumps.

Johnstown

Employment and unemployment trends during the second quarter in the Johnstown metro area provide ample evidence of the national recession's impact on the region's economy. Relative to a year ago, resident employment was off 0.3 percent in both Cambria and Somerset Counties with second quarter employment levels of 59,400 and 30,200, respectively. At 9.5 percent, Cambria County's jobless rate stood 2.3 percentage points higher than the year-ago tally. Somerset County's 9 percent rate came in 1.8 points above a year ago. Both unemployment rates came in well above the State's 7 percent reading.

The region's service producing industries have displayed signs of softening this year after eight years of nearly constant growth. While second quarter's 62,500 jobs in these establishments remained slightly (by 100) above a year ago, seasonally adjusted readings have trended downward since peaking last December. Within this broad sector, retail trade jobs were up 1.4 percent during the first half of the year after a 1983-1990 period during which growth averaged 3.1 percent. In services, itself, job growth so far this year, at 2.4 percent, fell well short of the 3.5 percent average gain from the previous seven years.

Altoona Area[1]

	Ave. mo. value 2 Q. '91	Average monthly index seas. adj. (1977 = 100) 2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	56.9	108	108	111
Unemployed, no. of residents	6.0	161	142	110
Rate, seasonally adjusted	10.0			
Civilian labor force, no. of residents	62.9	112	110	111
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	54.3	105	107	106
Srv. Prod. only, no. of jobs	41.1	114	116	114
Goods Prod. only, no. of jobs	13.1	85	86	87
Hrs. worked by production workers in mfg., ave. weekly	39.3	104	102	101
Industrial electric power sales	***	75	72	79

Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd
Residential contracts only	9.4	-12
Nonresidential contracts only	15.6	-37

[1]Blair County

Johnstown Area[1]

	Ave. mo. value 2 Q. '91	Average monthly index seas. adj. (1977 = 100) 2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	89.6	93	93	94
Unemployed, no. of residents	9.2	89	87	69
Rate, seasonally adjusted	9.6			
Civilian labor force, no. of residents	98.8	93	92	91
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	82.9	94	95	94
Srv. Prod. only, no. of jobs	62.5	114	116	114
Goods Prod. only, no. of jobs	20.4	61	61	61
Hrs. worked by production workers in mfg., ave. weekly	39.2	101	100	98
Industrial electric power sales	***	135	141	164

Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd
Residential contracts only	14.6	+ 9
Nonresidential contracts only	27.7	+56

[1]Cambria and Somerset Counties

Relatively speaking, the goods producing sector may be considered a bright spot in the region. Statewide, jobs in these industries have been trending down of late. While not growing strongly in the Johnstown region, the number of positions in these industries have been holding essentially steady. Construction jobs were up by 200 in this year's first half in averaging 3,100 per month. Contract awards were up for both residential and nonresidential projects. Although electricity sales to industry, a proxy for production activity, have been trending down, factory jobs have inched forward so far this year to stand at 14,400 and the average workweek, a leading indicator of manufacturing hiring activity, has been creeping higher.

So, there do appear to be some bright spots in the midst of this recession. Indeed, compared to much of the rest of the State, the region has held up fairly well. Over the course of the downturn, nonfarm job growth in the area has been surpassed by only three of the 14 other metro ares in the State. A possible reason for this may be the fact that the economy in the region was not expanding quite as rapidly prior to the onset of this recession as many of its neighbors', especially those to the east, were. Hence, when the recession hit, Johnstown simply did not have as much room to fall.

Pittsburgh-Beaver Valley

There were few bright spots in the second quarter in this five-county region of southwestern Pennsylvania. The region continued to struggle to, at best, hold its own in the face of the national recession. In all likelihood, the metro area lost further ground during the recent three-month period. For instance, each of the five counties were home to resident employment declines compared to the second quarter of 1990. In the four-county Pittsburgh portion of the region, the downtrend in employment evident so far this year is the first since 1983. Jobless rates in the second quarter ranged from 5.3 percent in Allegheny County to 9.4 percent in Beaver and Fayette Counties. The latter two maintained rates well in excess of the Commonwealth's 7 percent reading. Washington and Westmoreland had jobless rates pretty much in line with the Statewide average.

During the course of the 1980s, the service producing sector provided the bulk of all new jobs in the region. However, some softness has been evident in these industries in recent months. At 755,600 in the Pittsburgh portion of the region, service producing job totals in the second quarter were 1,400 above a year ago, the smallest year-over-year gain since the same three months in 1983. Additionally, seasonally adjusted second quarter job readings were off from the previous three

Pittsburgh[1]-Beaver Valley[2] Area

	Ave. mo. value 2 Q. '91	Average monthly index seas. adj. (1977 = 100) 2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents				
Pittsburgh[1]	941.3	108	107	109
Beaver County	54.9	64	64	65
Unemployed, no. of residents				
Pittsburgh[1]	59.7	95	88	72
Beaver County	5.7	89	90	70
Unemployment Rate, seas. adj.				
Pittsburgh[1]	6.1			
Beaver County	9.7			
Civilian labor force, no. of residents				
Pittsburgh[1]	1,001.0	107	106	106
Beaver County	60.5	66	65	66
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh[1]	919.7	105	106	106
Beaver County	50.5	66	67	66
Srv. Prod. only, no. of jobs				
Pittsburgh[1]	755.6	126	127	126
Beaver County	39.1	114	115	113
Goods Prod. only, no. of jobs				
Pittsburgh[1]	162.7	60	61	61
Beaver County	11.3	27	28	28
Hrs. worked by production workers in mfg., ave. weekly				
Pittsburgh[1]	41.0	n.a.	n.a.	n.a.
Beaver County	43.7	n.a.	n.a.	n.a.
Industrial electric power sales	***	60	59	63

Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd
Residential contracts only		
Pittsburgh[1]	222.2	- 13
Beaver County	14.6	- 7
Nonresidential contracts only		
Pittsburgh[1]	464.7	+ 45
Beaver County	28.2	+370

[1]Allegheny, Fayette, Washington and Westmoreland Counties
[2]Beaver County

months. In Beaver County, the 39,100 service producing jobs were up by a minimal 100 from the April-June 1990 period. On a seasonally adjusted basis, job tallies have declined in three of the past four months. Still, second quarter job readings throughout the five-county area were the highest for the period on record.

Retail sales activity was apparently sluggish through the first five months of the year in rising just 0.3 percent from the same period in 1990. Given the rise in the general price level, this translated into a decline in "real" or inflation-adjusted sales. As is the case Statewide, declines on the durable goods side offset modest gains in nondurables sales.

The goods producing sector continued to struggle throughout the region in the first half of the year. In Beaver County, job levels remained at record-low readings in falling by 400 from the first half of 1990. Through the first six months of the year, jobs in these industries have averaged 11,200. In Pittsburgh, the 160,900 goods producing jobs during the year's first six months fell 3,500 short of a year ago. Job levels in this portion of the region also stand at or near record-low readings. Sales of electricity to industrial customers have held steady since 1988, suggesting a flat trend for factory production.

Residential construction activity was weak during the first half of the year as all five counties registered declines in permit authorizations. Both the Pittsburgh and Beaver County portions of the region were home to declines in the value of residential construction contract awards, though the very volatile nonresidential valuations jumped ahead sharply.

Clearly, recent trends point to an overall flat economy in southwestern Pennsylvania. The future is likely to bring some relief as the national economy is showing signs of emerging from its slump--a basic prerequisite for improving conditions in the Pittsburgh-Beaver Valley area. However, the consensus is for a relatively mild recovery. Indeed, some individuals and industries may not be able to tell the difference between the early stages of recovery and the final stages of recession. It is quite safe to say that the solid showing on the part of much of southwestern Pennsylvania in the 1980s is not likely to be repeated in the short-term.

State College

Typically, goods producing industries are the hardest hit during recessionary periods, and this is the case in Centre County during the current downturn. At 11,300, second quarter job levels in these industries were down a startling 600 from a year ago. The loss was apparently not accounted for by any single industry as construction and manufacturing (especially durables) have reduced payrolls relative to a year ago. On a seasonally adjusted basis, second quarter's job tally was the lowest since the final months of 1988. Despite a jump in contract valuations on the nonresidential side, a decline in residential valuations on top of the reduction in building-related jobs relative to a year ago suggests that construction activity remained weak.

Job levels in the service producing sector continued on the upswing in the second quarter. After seasonal adjustment, the 49,400 jobs housed in these industries represented the second highest tally on record, trailing only last year's fourth quarter. Growth has moderated, however. Between 1983 and 1990, job growth averaged 4 percent on an annual basis. Through the first half of this year, jobs were up just 1 percent from the same period in 1990. Retail trade, with 600 new positions, accounted for the bulk of all new jobs.

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)			
	2 Q '91	2 Q '91	1 Q '91	2 Q '90	
Employment *(in thousands)*					
Employed, no. of residents	63.6	152	149	153	
Unemployed, no. of residents	4.2	152	149	126	
Rate, seasonally adjusted	6.4				
Civilian labor force, no. of residents	67.8	152	149	151	
Local industries *(in thousands)*					
All nonagricultural ind., no. of wage and salary jobs	60.7	142	142	142	
Srv. Prod. only, no. of jobs	49.4	145	143	143	
Goods Prod. only, no. of jobs	11.3	132	137	139	
Hrs. worked by production workers in mfg., ave. weekly	38.6	n.a.	n.a.	n.a.	
Industrial electric power sales	***	145	138	144	
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd			
Residential contracts only	22.9	−19			
Nonresidential contracts only	28.2	+62			

[1]Centre County

The national recession's impact on the regional economy has been especially evident in recent labor market trends. There were 1,000 fewer residents counted among the employed during the first half of this year relative to a year ago. All told, employment has averaged 62,700 this year. Coupled with a decline in the labor force of 200, this translated into a rise of 700, to 4,300, in the number of unemployed. Second quarter's seasonally adjusted 6.4 percent unemployment rate was the highest reading in five years. While economic growth and activity has slowed in Centre County, the region has held up quite well. In fact, the metro area's nonfarm job growth during the current recession has been surpassed by only two of the 14 other metro areas in the State.

Northwestern Quarter

Erie

A look at a wide range of indicators suggests that the Erie County economy moved sideways during the first half of the year as opposed to up or down. For instance, seasonally adjusted employment readings fluctuated within a very narrow band in recent months. However, employment was off slightly from year-ago tallies after seven years of nearly continuous growth. At a seasonally adjusted 7 percent, the County's second quarter jobless rate was slightly below the Commonwealth's 7.2 percent. On the downside, this was up 1.8 percentage points from a year ago.

All things considered, the flat trend evident in the metro area's economy is somewhat encouraging next to the downtrend evident throughout much of the rest of the State. In fact, nonfarm jobs have grown at an annual rate of 1.6 percent during the current recession, the second highest among the State's 15 metropolitan regions. One reason for this may have been that the region's goods producing industries, until a few months ago, were turning in a relatively strong performance. Second quarter's 39,400 jobs in these establishments came in 900 below a year ago following 15 consecutive quarters of year-over-year gains. Construction apparently held up quite well as the first half brought with it a gain of 23

percent in the value of both residential and nonresidential contract awards while the number of building-related jobs held steady.

Some evidence of a slowdown in service producing job growth was also apparent in recent months. Seasonally adjusted job readings declined in three of the past five months. Still, the jobs have averaged 80,500 so far this year, up by 1,200 from 1990. The services industry, itself, has accounted for practically all of these new positions. Health services alone accounted for 600 new payroll positions.

Recent months probably represented the start of a generally sluggish period for the Erie County economy. Even though the U.S. economy may technically be in the very early stages of a recovery period, the consensus is that the upturn will be minimal. Such a trend will certainly limit economic growth and activity in the Erie metro area in the months ahead.

Sharon

While Mercer County's economy has held up quite well relative to much of the rest of the State over the course of this recession, several months of sluggishness have apparently taken their toll. At 44,300 in the second quarter, total nonfarm jobs dipped below year-ago readings for the first time in four years, albeit by a minimal 100. Job levels still came in well below readings from the late 1970s and early 1980s. Despite the recent dropoff, establishment job growth during the current slump has been the strongest among the State's metropolitan areas.

Job growth in the region's goods and service producing establishments has shown signs of abating in recent months. Seasonally adjusted job readings in the latter have declined in each of the past four months. Second quarter's 31,300 positions in these establishments were unchanged from a year ago. Between 1983 and 1990, gains averaged 1.7 percent on an annual basis. Goods producing job totals have actually come in below a year ago through the first half of this year on the heels of three consecutive years of growth. Second quarter's 13,000 positions were 100 below the year-ago figure. Electricity sales to industrial customers were relatively flat in recent months, suggesting that manufacturing production probably reached a plateau.

Resident employment grew nonstop for seven years before declining by 600 during this year's first half in averaging 48,400. Upward pressure on unemployment has been the result. After averaging 5.7 percent during the first half of 1990, the jobless rate has surged to 7.5 percent during the first six months of 1991. As a result, 1991 is likely to bring with it the second consecutive annual rise in this measure of the economy's health, though this recession will surely end before the double-digit jobless rates associated with the previous downturns in the early 1980s are even begun to be approached.

Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q. '91	2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	126.4	114	113	114
Unemployed, no. of residents	9.5	103	97	75
Rate, seasonally adjusted	7.0			
Civilian labor force, no. of residents	135.9	113	112	111
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	120.0	109	110	109
Srv. Prod. only, no. of jobs	80.5	125	127	125
Goods Prod. only, no. of jobs	39.4	86	87	88
Hrs. worked by production workers in mfg., ave. weekly	41.6	102	104	105
Industrial electric power sales	***	105	103	120
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	37.7	+23		
Nonresidential contracts only	42.2	+23		

[1]Erie County

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q. '91	2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	49.0	102	101	103
Unemployed, no. of residents	3.8	96	89	73
Rate, seasonally adjusted	7.3			
Civilian labor force, no. of residents	52.8	101	100	100
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	44.3	97	98	97
Srv. Prod. only, no. of jobs	31.3	114	115	114
Goods Prod. only, no. of jobs	13.0	72	73	73
Hrs. worked by production workers in mfg., ave. weekly	41.4	n.a.	n.a.	n.a.
Industrial electric power sales	***	116	109	108
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	7.3	-19		
Nonresidential contracts only	3.2	-73		

[1]Mercer County

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

Labor market conditions in the Harrisburg-Lebanon-Carlisle region suggest that economic growth has slowed throughout the area in response to the national recession. Second quarter employment readings were down in each of the four counties from a year ago as shortfalls ranged from 0.5 to 0.7 percent. In the region as a whole, the 317,000 residents officially listed among the employed were down by 2,100 on an annual basis. Cumberland (4.7 percent), Dauphin (5.5 percent), and Lebanon (6.3 percent) Counties were each home to jobless rates below the State's 7 percent average in the second quarter. Perry County's rate, at 7.5 percent, was slightly higher. Rates were up considerably from a year ago in each of the four counties.

For the first time since second quarter 1983, nonfarm jobs fell below year-ago totals in the most recent three-month period. The 315,300 jobs maintained in these establishments translated into a drop of 300 from a year ago. Additionally, after being amongst the leaders in most measures of economic growth in the 1980s, recent nonfarm job growth trends place the metro area in the middle of the pack relative to the other 14 metropolitan areas. Annual job growth during the current recession, at 0.5 percent in the region, exceeded gains in seven other metro areas and it was surpassed by an equal number of areas.

As is typically the case, goods producers have been especially hard-hit during the on-going downturn. Job levels in these industries have been trending down since mid-1988. Second quarter's 61,100 workers in these establishments were

off by 3,300 from the same period a year earlier. On a seasonally adjusted basis, recent job readings were their lowest in nearly eight years. On the construction front, job levels during the first half of the year were off by 400 from the first six months of 1990. Trends in contract valuations were mixed. They were down on the nonresidential side during the year's first half but up for residential projects.

Even the region's service producers have not been immune from this recession of late. Although the 254,100 jobs in these establishments were a high for the second quarter, seasonally adjusted trends showed a decline from the first quarter tally, the first since the third quarter of 1982. Retail trade accounted for a good deal of the sluggishness. After averaging 51,100 during the first half of 1990, average monthly job levels were down to 50,300 this year.

The next few months are likely to bring more of the same general sluggishness evident during the first half of the year. With weakness still evident in factory activity, construction, and retail trade, none of the industries which often lead the economy out of recession at a rapid pace seem capable of doing so this time around.

Lancaster

Recent trends suggest that, at least for the time-being, Lancaster County is not the Commonwealth's "economic hotspot" as was the case during the 1980s. In fact, the first ten months of this recession have resulted in a 0.7 percent decline in the number of nonfarm jobs in the region. Only two other metro areas turned in poorer showings. At 192,300, second quarter nonagricultural job totals were off by 2,900 from a year ago, the third consecutive year-over-year decline, stretching back to the final three months of last year.

Job trends through the first half of this year were weak across the board. Second quarter service producing job totals were unchanged from a year ago. During the same period, seasonally adjusted job readings declined for the second time in the past four quarters. Through the first half of the year, jobs in these industries have averaged 123,100, a 0.5 percent gain from a year ago. Between 1983 and 1990, job growth averaged more than eight times that amount.

Jobs in the region's goods producing establishments remained in the grips of a two-year decline following several years of fairly impressive advances. At 67,900, job totals in the second quarter were off by 2,900 from a year ago. This represented the lowest reading for the quarter in six years. Construction activity was down as job levels were off by 400 during the first six months of the year relative to 1990 and the value of contract awards declined on both the residential and nonresidential sides. Factory activity, at best, was flat in recent months. Job levels were off considerably from year-ago readings while electricity sales to industry have moved very little in recent months. A downtrend in the average factory workweek suggested that hiring activity is not likely to pick up soon.

Although only three counties were home to second quarter jobless rates lower than Lancaster's 5.3 percent (unadjusted), there were considerable signs of deterioration in the region's labor market in recent months. Second quarter's reading was up 1.6 percentage points from a year ago. In absolute terms, 3,600 more residents were counted among the unemployed during the most recent three-month period compared to a year ago. Employment, which had been rising nonstop since 1983, has averaged 213,100 so far this year, down by 6,000 from 1990.

Harrisburg-Lebanon-Carlisle Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q. '91	*2 Q. '91*	*1 Q. '91*	*2 Q. '90*
Employment *(in thousands)*				
Employed, no. of residents	317.0	126	124	127
Unemployed, no. of residents	18.6	124	116	89
Rate, seasonally adjusted	5.7			
Civilian labor force, no. of residents	335.6	126	124	125
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	315.3	127	128	128
Srv. Prod. only, no. of jobs	254.1	139	140	138
Goods Prod. only, no. of jobs	61.1	94	96	99
Hrs. worked by production workers in mfg., ave. weekly	38.2	n.a.	n.a.	n.a.
Industrial electric power sales	***	75	76	75
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	126.2	+13		
Nonresidential contracts only	133.1	-40		

[1]Cumberland, Dauphin, Lebanon, and Perry Counties

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q. '91	*2 Q. '91*	*1 Q. '91*	*2 Q. '90*
Employment *(in thousands)*				
Employed, no. of residents	217.4	138	135	140
Unemployed, no. of residents	12.2	144	153	102
Rate, seasonally adjusted	5.5			
Civilian labor force, no. of residents	229.6	138	136	138
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	192.3	135	136	137
Srv. Prod. only, no. of jobs	124.4	160	160	160
Goods Prod. only, no. of jobs	67.9	105	107	110
Hrs. worked by production workers in mfg., ave. weekly	39.0	99	98	101
Industrial electric power sales	***	142	137	143
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	92.0	-15		
Nonresidential contracts only	54.9	-63		

[1]Lancaster County

Philadelphia

Signs of strength in the Philadelphia metro area economy were few and far between during this year's second quarter. Practically every major economic indicator pointed down during the period. What is especially worrisome is the fact that signs of weakness were evident across all major industry groups and throughout the entire region, including the suburban counties. This represents a complete reversal from the mid- and late-1980s when the region, especially in the suburban fringes, was moving forward at a rapid pace.

Much of the region's difficulties continue to be found in the goods producing sector where job levels have been tracking down since mid-1988. In fact, after seasonal adjustment, the 429,400 positions in these establishments during the second quarter represented the lowest reading on record — even lower than in the early 1980s. Both factory and construction activity were weak in recent months. Manufacturing jobs plunged at an annual rate of nearly 18,000 during the first half of the year to go alongside flat trends in the average

Philadelphia Area[1]

	Ave. mo. value 2 Q. '91	Average monthly index seas. adj. (1977 = 100) 2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	2,307.8	122	121	124
Unemployed, no. of residents	162.8	92	85	61
Rate, seasonally adjusted	6.7			
Civilian labor force, no. of residents	2,470.6	120	118	119
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	2,204.4	120	121	122
Srv. Prod. only, no. of jobs	1,775.0	134	135	134
Goods Prod. only, no. of jobs	429.4	84	85	88
Hrs. worked by production workers in mfg., ave. weekly	39.9	101	101	101
Industrial electric power sales	***	115	106	111
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	474.9	-23		
Nonresidential contracts only	858.9	- 4		

[1]Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

hourly workweek and electricity sales to industry. The value of construction contract awards fell for both residential and nonresidential projects while the number of new projects authorized by permit also fell on both fronts.

Service producing job levels have been on the downtrend since late last year after several years of uninterrupted growth. In fact, June readings dipped below year-ago levels for the first time since the early 1980s. Still, despite the slowdown of late, service producing job levels, in averaging 1,772,000 during the first half of 1991, were up 9,800 from a year ago. This came on the heels of a 1983-1990 period in which jobs grew by an annual rate of nearly 45,000 per year.

Retail activity in the region has not held up well during this recession. These industries trimmed 2,100 jobs from payrolls between the first halves of 1990 and 1991. Even before adjustment for inflation, the value of retail sales in the metro area was down from a year ago through the first five months of the year. In coming in at $13.5 billion, sales were off 3.9 percent on a year-to-date basis. Especially large declines were evident in sales of durable goods items.

Employment and unemployment conditions have been weak throughout the region. Each of the five Pennsylvania counties contained in the metro area were home to declines in resident employment between the second quarters of 1990 and 1991. Increases in jobless rates ranged from 1.5 percentage points in Chester County to 3.2 points in Bucks County. For the region as a whole, the number of residents officially listed as employed were down 1.9 percent during the first half of the year relative to the same period in 1990, identical to the Statewide decline. 1991 will likely result in the second consecutive employment decline after seven years of continuous growth.

Expectations are for economic conditions to remain sluggish in the months ahead. Even if the national economy is in the very early stages of recovery, as many believe, the uptick is likely to be minimal. Indeed, there has been increasing talk of a "double-dip" scenario in recent weeks in which two recessions are sandwiched around a very weak recovery. That is probably a worst-case outcome, but even the best-case scenario finds the economy growing at a below-average pace relative to previous recoveries in southeastern Pennsylvania.

Reading Area[1]

	Ave. mo. value 2 Q. '91	Average monthly index seas. adj. (1977 = 100) 2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	164.5	122	119	124
Unemployed, no. of residents	12.7	138	139	93
Rate, seasonally adjusted	6.9			
Civilian labor force, no. of residents	177.2	123	120	122
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	152.8	116	116	118
Srv. Prod. only, no. of jobs	101.8	133	133	132
Goods Prod. only, no. of jobs	50.8	92	92	98
Hrs. worked by production workers in mfg., ave. weekly	40.3	104	102	104
Industrial electric power sales	***	140	137	142
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	61.0	+ 1		
Nonresidential contracts only	65.5	+47		

[1]Berks County

Reading

Signs of economic weakness were widespread in the Reading metro area in recent months. This was especially true with respect to employment/unemployment trends. In averaging 162,200 during the first half of the year, resident employment was down by 5,300 from a year ago. Coupled with a decline of 1,600 in the labor force, this resulted in a rise in the number of residents officially listed among the unemployed of 3,700. All told, 1991's jobless rate has averaged 7.4 percent, up from 5.2 percent during the first half of 1990.

Recent trends in nonfarm jobs suggest that the economy's performance has been quite weak relative to much of the rest of the State. During the first ten months of the recession, nonfarm jobs declined at an annual rate of 1.2 percent, the worst showing on the part of any metro area in the Commonwealth. Even trends in the once-thriving service producing sector have taken a turn for the worse. Seasonally adjusted job readings dipped slightly in the second quarter from the first three months of the year, the second decline in the last four quarters. The 101,800 jobs in these industries during the most recent three-month period were up by 500 from a year ago, the weakest year-over-year gain since 1983.

Jobs in the service industry, itself, were up by 500 during the first half of 1991. Health services, the largest service industry, added 200 jobs to payroll over the period. On the other hand, retail trade lost 100 jobs during this year's first half, most likely in response to generally sluggish sales trends.

Perhaps the lone bright spot amongst the major economic indicators is found in construction contract trends. While residential valuations were essentially unchanged from a year ago during the first six months of the year, nonresidential projects were valued nearly 50 percent higher. At the same time, however, building-related jobs shrunk by 100 over the same period. In the goods producing sector as a whole, job levels fell by 3,100 in averaging 50,700 in the year's first half. If recent trends continue, 1991 will likely result in the lowest job tally on record for this sector of the economy. Trends in the average factory workweek and in electricity sales to industry suggest that manufacturing activity has been stagnant, at best, so far in 1991.

York

The second quarter brought with it no relief to the economy's problems in Adams and York Counties. As is typically the case during recessions, the region's goods producers have been especially hard-hit. Between the first halves of 1990 and 1991, factory jobs fell at an annual rate of 3.8 percent in the area. On the construction front, contract valuations were down for both residential and nonresidential projects through the second quarter on a year-to-date basis. Building-related jobs were off by 300 over the same period. All told, the 65,700 jobs housed in goods producing industries during the first six months of the year were down 3.7 percent from a year ago and represented the lowest tally since 1984.

For the first time since the early 1980s, some signs of softness in the area's service producing establishments were evident in recent months. The 114,900 jobs maintained in these industries during the year's first half were up 1.8 percent from a year ago, less than one-half the gain averaged between 1982 and 1990. On a seasonally adjusted basis, job levels have slipped in three of the first six months of 1991, including June.

At a seasonally adjusted 6.5 percent, second quarter's jobless rate was the highest since the final three months of 1985. Employment readings have come in below year-ago tallies in each of the past six quarters. The 211,500 residents officially listed among the employed in the second quarter were down 1,500 on an annual basis. Prior to the current downtrend, employment increased nonstop for six years.

Clearly, signs of the national recession dominate the economic landscape in the York metro area. Indeed, it is safe to argue that the region's recent difficulties have not been due to something inherently "wrong" with the local economy. Instead, they are simply the result of the recession evident nationwide. It is quite likely that conditions will soon begin to improve in light of some more positive developments in the U.S. economy of late. However, it is quite unlikely that the strong showing in the region during the mid-1980s will be repeated in the near-term.

— *William D. Anderson*

York Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q. '91	2 Q. '91	1 Q. '91	2 Q. '90
Employment *(in thousands)*				
Employed, no. of residents	211.5	137	136	138
Unemployed, no. of residents	14.5	146	135	105
Rate, seasonally adjusted	6.5			
Civilian labor force, no. of residents	226.0	138	136	136
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	180.9	127	128	128
Srv. Prod. only, no. of jobs	115.2	151	152	149
Goods Prod. only, no. of jobs	65.7	100	101	104
Hrs. worked by production workers in mfg., ave. weekly	40.5	99	100	100
Industrial electric power sales	***	107	103	105
Construction contracts awarded *(in millions of dollars)*	'91 Ytd (Jan.-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	93.3	– 18		
Nonresidential contracts only	58.1	– 2		

[1]Adams and York Counties

Pennsylvania Business Survey

August 1991 Vol. 32, No. 8

Published monthly by the Division of Research of The Mary Jean and Frank P. Smeal College of Business Administration, 108 Business Administration Bldg. II, The Pennsylvania State University, University Park, PA 16802. Subscription rate: $12.00 a year.
(ISSN 0031-4382)

J.D. Hammond, Dean of the College
Paul H. Rigby, Associate Dean for Research and Graduate Programs
Rodney A. Erickson, Director of the Center for Regional Business Analysis and Associate Director of the Division of Research
William D. Anderson, Assistant Director of the Center for Regional Business Analysis
Doris J. Bickle, Staff Assistant
Mary Jane Corman, Subscription Coordinator

The content of this publication is not copyrighted and may be reproduced freely, but acknowledgement of source will be appreciated.

The Pennsylvania State University is committed to the policy that all persons shall have equal access to programs, facilities, admission, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by University policy or by state or federal authorities. The Pennsylvania State University does not discriminate against any person because of age, ancestry, color, disability or handicap, national origin, race, religious creed, sex, sexual orientation, or veteran status. Direct all affirmative action inquiries to the Affirmative Action Office, The Pennsylvania State University, 201 Willard Building, University Park, PA 16802-2801.

U.Ed. BUS 92-036

PENNSYLVANIA BUSINESS SURVEY
Division of Research
The Smeal College of Business Administration
The Pennsylvania State University
University Park, PA 16802

ADDRESS CORRECTION REQUESTED

Nonprofit org.
U.S. Postage
PAID
The Pennsylvania
State University

018-01-12003
SRI
CONGRESSIONAL INFO SERVICE
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814